PX-0448

Procure+

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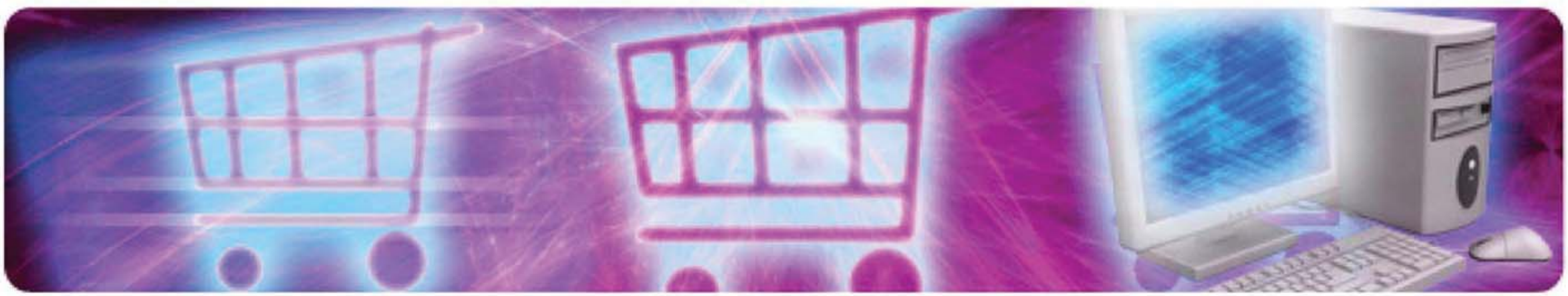
Overview and Product Description of Procure+ v 6.8

September 2007



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U.S. Pats.6,023,683; 6,055,516; 6,505,172; 6,892,185; 6,182,127; 6,510,459; 7,047,211; 7,254,581 and corresponding foreign patents and patents pending.

Updated September 2007

Procure+

Procure+ is an advanced eProcurement application, allowing access to multiple suppliers on-line while ensuring contract and process compliance, reducing lead times and process costs, while capturing and storing spend data for analysis and reporting.

Procure+ addresses all aspects of the eProcurement lifecycle:

- Cataloging
- Internet-based requisitioning
- Order approval workflow
- Budget checking
- Purchase order generation
- Receiving
- Invoice matching and reconciliation
- Inventory management
- RFQ's and reverse auctions
- Reporting and dashboards

Intelligent menus

Procure+ knows the role of each user logged on to the system, and only activates the menu items for that role.

Since the menus are available from every screen, fast navigation is intuitive.

Standard Catalog

Searchable by product attribute, keyword, manufacturer name, and supplier and/or manufacturer part number.

Many options are available, including product comparisons, and virtually unlimited product attributes.

Access Control

Different Procure+ catalog views can be based on user profiles.

User classifications ("profiles") and the security access accorded to each are fully configurable by the system administrator.

Security controls default from profile to each user associated with the profile, but may be modified on a user-by-user basis.

User security can be implemented to control specific program access, user-by-user.

In addition, access to many sub-program options are controlled in the same manner.

Desktop Requisitioning

Creating a Requisition

A key function of Procure+ is the creation of complete and correct requisitions:

Hot Lists

Hot Lists are user-created groups of products. They can be shared among a group or created for one individual to use.

Hot Lists are created by selecting items, dropping them into the Procure+ shopping cart, and then copying them from the cart to a new or existing Hot List. These items are then available from the user's home page.

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Order History

For repeat buys, users can access previously created requisitions or items for re-ordering.

QuickReq

QuickReq is a fast, easy way to requisition known items simply by referencing item identifiers or descriptions and desired quantities. It can also be used for one-time buys, where there is no known item number. The requisitioner can use QuickReq in a free-form data entry mode.

Service Template Processing

Procure+ allows users to procure services (in addition to goods). By using Procure+ service template, the system administrator can set specifications that need to be obtained in order to acquire a service.

For instance, the template may contain questions that need to be answered to properly identify a service, such as types of services needed, skills required, and so on.

The answers to the questions contained in the service template become a description of the service to ease sourcing and save time.

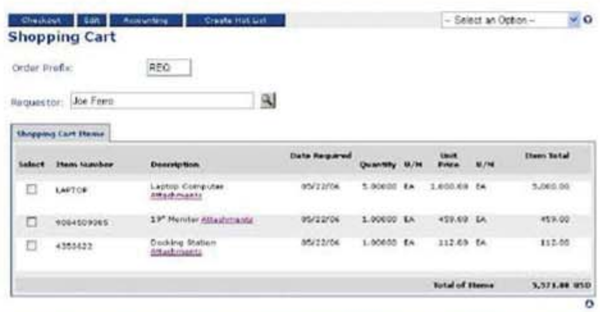
- Service templates can contain Options for service requirements that can be validated as the user enters them.
- Options can contain unique pricing.
- Completion of a service template can calculate the total price of the service including options.

Shopping Cart

The Shopping Cart is at the heart of the requisitioning process. Everything a user requests goes into a shopping cart.

Items can be added from

- Internal catalogs
- Punch-outs to external supplier catalogs
- Hot lists
- Quick reqs
- Blanket orders
- Service templates.



Depending on the user's role, individual shopping cart items can be amended, such as ship to address, account codes, distribution of account codes, notes and attachments.

Note that it's not the user's responsibility to know the source of the items being requested - Procure+ takes care of that - so a shopping cart can contain purchased and inventoried items at the same time.

When the requisition is ready for ordering, Procure+ 'sends' the stocked items to the Inventory module for release, and the others go either to AutoPO or the Buyer's Workqueue.

Approval Workflow

Procure+ supports many types of approval workflows, as follows:

- Dollar Limit: Simple approval based on user's dollar limit with an option to create approvals only if dollar limit is exceeded.
- Rank: Allows numeric rank to be assigned to users.
- Center Affiliation: Approvals by corporate defined job center.
- Commodity: Approval by product class, allowing special handling approvals for items like hazardous material.
- Account Code: Approvals based on the account codes applied to a transaction.
- Common Attributes: Approvals that link multiple attributes, eg cost center and commodity, for special routing.

In addition to the automatically generated workflows referenced above, additional approvers can be added on the fly if necessary.

Automatic approval escalation and delegation functions are also available.

Approvals may be handled in steps (serial), where the each level of approval is dependent on the completion of the previous level.

Alternatively, approval requests can be simultaneously sent to a group with similar authority (i.e. manager, director, etc.), for approval by one or more of them (parallel).

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E-Mail Notification

When a requisition is submitted, Procure+ automatically checks all of the criteria that apply and routes the requisition accordingly.

The approvers are notified via e-mail.

The body of the e-mail contains a hyperlink that takes the approver directly to the approval page. The approver can add notes and approve or deny the requisition.

Users can turn off the email notification in Procure+ and access the pending order from the system directly if desired.

Order Status and Tracking

Users can check the status of an order by clicking on the "Check Order Status" button.

Online queries can spotlight transactions by status: (e.g., pending approval, awaiting bid response, on PO, etc..).

Attachments

An unlimited number of documents can be associated with items being ordered.

Attachments can be for the PO Header, and.or individual PO Lines.

Attachments can be included at any step in the procurement cycle and will automatically progress with the transaction.

Attachments can be any combination of word processing, spreadsheet, image or any other file type, including movies and audio files.

Budget Monitoring

If purchasing budgets have been set up, Procure+ lets you monitor them during the requisitioning and ordering process, to confirm that funds are available.

Encumbrance and pre-encumbrance of funds is also supported.

Budgets can be set up at a range of levels within an organization, including

- Project
- Company
- Division
- Region
- Group
- Account code
- Commodity
- Item

Posting Accounts

Accounting information can be assigned by cost center and account code combination, effectively prohibiting the use of the account code by users in "invalid" centers. The same applies to restrictions on the use of departments and project codes, either independently or in combination with specific account codes.

Multiple expense accounts can be set at the line item level. Allocations can be set by percent or monetary value. Predefined distributions, or expense account "sets", simplify the entry of frequently used multiple-account allocations.

Purchase Order Processing

Enhanced PO Generation

The AutoPO function automates repetitive tasks. Typically, AutoPO handles 80% of the transactions previously being processed.

Blanket Purchase Orders

The Auto PO feature can totally automate the procurement of goods and services under blanket order. The input of the original requestor is the only manual involvement needed in the transaction. Procure+ verifies authorization, creates a release from the blanket or contract, and transmits the order to the supplier – all within minutes of approval.

Invoice receipt, matching, and payment can all be done automatically. All controls are maintained, contract limitations enforced, and the paperwork and manpower usually required to handle these transactions is eliminated.

Blanket POs and purchase contracts can be created with or without a specific item list. BPOs can be limited to use by cost centers in a specific geographic region. Expenditure limits and expiration dates are maintained. Contract managers are electronically notified of all upcoming contract expirations.

Change Orders

An organization can specify which Purchase Order information, when updated after transmission to supplier, will automatically create a Change Order (CO). An electronic copy of the original PO and each Change Order is always maintained for audit purposes.

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Buyer's Queue

If for any reason a requisitioned item cannot be ordered using the AutoPO function, it goes into the Buyer's Queue.

This allows buyers to query, consolidate and process requisitioned items requiring purchasing action.

PO Transmission

In Procure+ a purchase order with typical order and payment information is automatically issued from the system to the applicable supplier.

Available transmission methods include hard copy, fax, EDI, XML, and e-mail.

Purchasing Cards

Procure+ provides the ability to reconcile purchase card transactions and provide general ledger information.

Self Registration

Buyers and sellers can complete an online form to request consideration as an approved buyer or seller in an organization's procurement environment.

The registration request is automatically routed to designated individuals within the organization for review and processing.

Approved parties can be advised via e-mail of their ID and password, providing system access as applicable.

Multiple Currency Conversion

PO pricing can be based on any currency, such as the Euro.

Each currency's presentation format is configurable.

All values are maintained both in the foreign currency as well as in the home currency equivalent.

The currency conversion table can be automatically updated from external sources.

Currency formats support decimal notation as listed in the Wall Street Journal.

Receiving

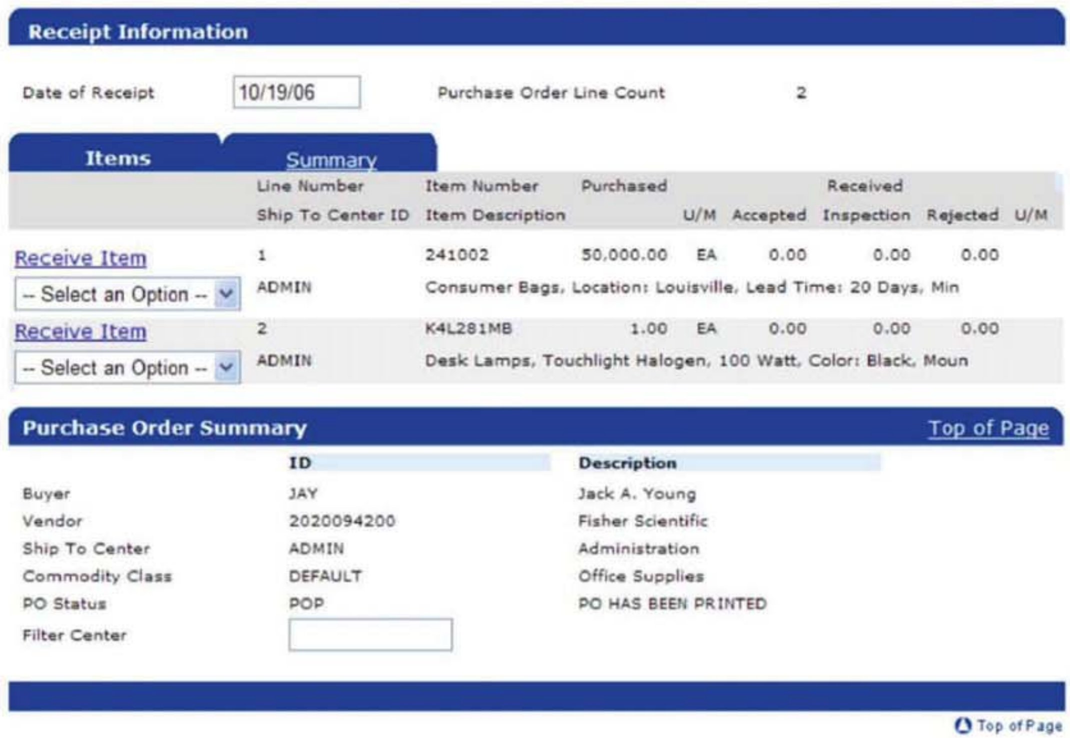
Either the warehouse or the end user (for direct-ship items) can record receipts online.

Procure+ supports one click receiving of all items, or for partial receipts.

Receipts of more or less than the quantity ordered can be handled, with online viewing of prior deliveries.

Items can be held pending inspection, and can be received against a delivery schedule.

A line item can be closed out even if not fully received, and then reopened later if necessary.



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Evaluated Receipt Settlement (ERS)

ERS can eliminate invoicing entirely, with payment solely based on purchase order information. There is no need for trusted suppliers send invoices.

Instead of matching invoices to POs, ERS initiates payment once a receipt has been recorded. The payment amount is based on the PO item price and quantity received.

Reporting

Procure+ contains a number of pre-defined reports, providing users with a full range of reporting options. As it automates purchasing across an entire organization, Procure+ collects spend data—and makes it available to users for reporting purposes.

Some of the pre-defined reports include:

- POs Invoiced But Not Yet Received
- Requisitioner Item Order History
- Orders Pending Receipts
- Quarterly Spending By Department with Two Year Comparison
- Quarterly Spending By Department
- Purchasing Dollars By:
    - Commodity Class
    - Supplier
    - Purchase Orders By Cost Center
    - Commodity Class
    - Item
    - Purchasing Agent
- Purchase Order Non-Receipt
- Unfulfilled Requirements
- Purchase Order Activity By Date

Navigator+

Navigator+ is a multi-function dashboard generator built right into Procure+.

With Navigator+, a user can take a top-down look at what's going on in Procure+.

For example, it can answer questions such as:

- Show me all the open orders for this supplier due to be delivered next month.
- Show me all the contracts that will expire three months from now.
- Show me all receipt records for office suppliers for last quarter.
- Show me all requisitions for item ABC that were created last month.
- Show me all invoices from this supplier received last month.

Users can generate and run queries on the fly, or store them in a library for future use.

When a query is run, the results are displayed in a grid. The user has complete control over the layout of the grid, including which fields to display, which column sequence to use, and how the columns should be sorted.

Best of all, the rows in the grid represent records (such as overdue POs), and each record can be opened directly from the Navigator display. On closing the record, the Navigator results screen is redisplayed.

In this way, Navigator+ acts as a dashboard, or user-defined workspace, showing only the information required to perform a specific set of tasks, such as expediting.

Invoice Matching

Invoice Creation

Invoice information can be uploaded into Procure+, or entered manually.

Suppliers have the ability to access their purchase orders directly within Procure+ and can very simply convert them to invoices.

Batch functions allow the A/P clerk to keep track of the number of invoices and their total value for validation after entry.

For those invoices with an underlying purchase order, information on the purchase order is automatically carried forward to the invoice, eliminating any redundant data entry.

Invoice Matching Variances

Procure+ provides the ability to establish variance tolerances for pricing and receiving. These can be established based on the PO type or commodity. Acceptable variances can also be established for freight, tax and miscellaneous charges.

If invoice charges fall outside these tolerances, the invoice will fail the match.

Bids and Reverse Auctions

RFPs and RFQs

Users can create Bids, RFIs, RFQs, RFPs as well as reverse auctions in Procure+, since each is simply treated as a different "Bid Type."

RFQ's allow a buyer to send a pricing request to multiple suppliers simultaneously. This is often the case when an unpriced item appears in the Buyer's Workqueue.

This applies to requisitions that have already been created, and can't go through AutoPO.

Alternatively, a buyer can set up more comprehensive pricing requests as part of a sourcing initiative, and thereby set up contracts and catalog items ahead of the demand.

Reverse Auctions

Once a bid or RFQ is set up, users have the option of turning it into a reverse auction.

Selected suppliers receive e-mail notification of the reverse auctions, containing a URL to the auction site. Each supplier can log in to the system and respond to the reverse auction request.

When the auction is established, the closing of the auction can be based on a specific time, or a designated number of minutes after the last response is received.

This function allows the auction to remain open if there is a flurry of bidding activity just prior to the close of the auction.

EDI to and from Sellers

Depending on the requirements of the buying organization, Procure+ supports the following methods for Purchase Order transmission:

- E-mail
- Fax
- XML
- Traditional EDI (850 Transaction Set)
- Internet (Web) EDI
- Hard Copy Distribution

Purchase Orders issued by Procure+ clearly indicate the item(s) requested, their price, the shipping destination, and other relevant information. In the case of e-mail transmission, full Purchase Order data is included an HTML attachment of the e-mail.

ePlus technical resources will work with supplier technical resources at the request of the buying organization to affect traditional EDI transmission.

Internet EDI (or "Web EDI") is a technology in which data communications between the buying organization and the supplier pass through a third party for translation. Unlike traditional EDI data exchange, this technology allows both parties to receive and send data transmissions in variable formats each is able to read and respond to.

ePlus technical resources will work with representatives of both the buying organization and the supplier to affect Internet EDI communications via ePlus' supporting business partner.

Inventory Management

An optional module of Procure+ is Inventory Management, part of Procure+ Advanced Edition.

Multiple Warehouse Support

Requisitions for stock items are automatically routed to the proper warehouse(s) based on the item's shipping destination. Requisitions can include items from many warehouses.

Stock availability and subsequent stock commitment is performed real-time. Substitute, obsolete, and superseded item processing is also supported. Outbound shipments to users can be automatically scheduled based on departmental delivery schedules.

Multiple Bins

Each stocked item has a primary bin and any number of alternate bins per warehouse. Stock balances can be maintained at either the warehouse level or at the specific bin level.

Inventory Master

The online item master catalog contains information that is common to an item regardless of how many warehouses in which the item is stocked.

Auto-Replenishment

Stocked items can have their reorder quantities calculated dynamically with restocking orders produced and issued to suppliers with no staff involvement.

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Cross References

Detailed cross reference information about all supplier's offerings for each item, including pricing, discount terms, packaging and their item code, can be carried in a catalog.

This information can be captured automatically from bid responses and issued POs, and can also be updated electronically from external sources.

Smart Units of Measure

Standard units of measure (e.g., 12 dozen = 1 gross) are pre-defined, but may be modified if necessary. "Smart" packaging units unique to each item are also definable (e.g., "widgets" are packed 10 to the "carton").

Item weight and volume can be defined to help allocated storage or shipping space.

Efficient Stock Picking

Pick Tickets for stock requisitions are printed with items listed in bin location sequence.

Optionally, a "master" pick list, consolidating all items from all requisitions for mass picking, can be printed.

Warehouse personnel can adjust requisitions to reflect actual issues and ship more or less than requisitioned.

They can also process items returned to the warehouse, automatically updating stock balances and crediting the expense accounts originally charged.

Real Time Stock Balances

Real-time stock balances are maintained for each item by warehouse. This information includes net available, on-hand, committed, on-order (open POs) and backordered (unfilled requisitions.)

Substitute and Obsolete Items

Item substitutions offer alternate item options if insufficient stock is available. If an item is obsolete, its replacement item can be automatically substituted.

Stock Outs and Backorder Processing

If warehoused items are unavailable when requisitioned, the auto-replenishment process will take into consideration all backorders when determining restocking quantities. The system tracks pending backorders and can automatically release backordered items upon receipt of the goods.

Warehouse Transfer

Procure+ can transfer stock from one warehouse to another.

Flexible Costing

Up to 10 costs can be maintained for each stocked item. The default is Weighted Average Cost, which is calculated by a preset formula, while the remaining 9 costs are calculated based on the organization's criteria.

These costs can be based on PO or invoice pricing, and can optionally factor in tax and freight charges as well.

Cycled Physical Inventory

Procure+ can categorize items using ABC coding techniques and thereby designate how many times per year each type of item should be counted. The cycle of the counts can be anything from daily to annually.

For each cycle the system will produce a worksheet of the items to be counted and allow entry, reconciliation and posting of the counts with a complete, detailed audit trail. This process can also be integrated with bar coding devices for additional efficiencies.

Catalog Maintenance

Procure+ 6.8 includes a Catalog Maintenance Tool (CMT) that makes it easy to configure and manage online catalogs according to the specifications of the organization.

- Configure your catalog: Review, create, update, or delete product categories.
- Manage content: Add, modify, or delete product and pricing information. Import catalog information from a formatted file obtained from a supplier.
- Download catalog content and pricing information from the CMT database into a formatted file for review.
- Create, modify, or delete product views, catalog groups, or shopper groups.
- View the catalog as users from each of your shopper groups will see it.

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